

# Agenda



Hugo Planning Commission  
Thursday, February 27, 2025  
Hugo City Hall  
7:00 PM

**A. ROLL CALL:** Andress, Derr, Granger, Kelly, Klein, Kleissler, Petty

**B. PLEDGE OF ALLEGIANCE**

**C. OATH OF OFFICE**

1. Phil Klein

**D. APPROVAL OF MINUTES**

1. December 12, 2024

**E. PUBLIC HEARING**

**F. NEW BUSINESS**

1. **Capstone Homes, Inc.** – Sketch Plan for 90 Single-Family Residential Lots at 5311 165<sup>th</sup> Street North.

**G. OLD BUSINESS**

**H. ADJOURNMENT**

## **Minutes for the Planning Commission Meeting of Thursday, December 12, 2024**

Acting Chair Derr called the meeting to order at 7:00 pm.

PRESENT: Address, Arcand, Derr, Granger, Kelly, Kleissler, Petty

ABSENT: Lessard

STAFF: Rachel Juba, Community Development Director  
Max Gort, Associate Planner

Pledge of Allegiance.

## **Approval of Minutes for the Planning Commission Meeting of September 26, 2024**

Chair Kleissler said she had seen her name listed in the minutes when she was absent from the September 26th meeting. Gort replied that this error would be corrected in the final version of the minutes.

Commissioner Petty made a motion, seconded by Commissioner Arcand, to approve the minutes for the Planning Commission meeting of September 26, 2024.

All ayes.

Kleissler abstained.

Motion carried.

## **Public Hearing: Cannabis Ordinance**

Associate Planner Max Gort presented background on the cannabis ordinance that staff has been drafting. In 2023, the Minnesota Legislature enacted Chapter 342, which legalized adult-use cannabis, established regulatory framework for the adult-use cannabis industry, and established a state agency known as the Office of Cannabis Management (OCM). The legislation also allowed cities to enact a temporary moratorium on cannabis-related business activity during the period in which regulatory framework is set up. At its July 10, 2023 meeting the City Council adopted a 12-month moratorium on the sale, testing, manufacturing, and distribution of cannabinoid products. The moratorium was extended in August of 2024, and is required by state law to expire on January 1, 2025. Staff has developed a draft ordinance to regulate cannabis businesses that includes definitions for cannabis related items, zoning districts where cannabis businesses would be permitted, performance standards for cannabis businesses, and a procedure for registering cannabis businesses with the City.

Gort explained that the state licenses cannabis businesses through the OCM, and how the City is required to verify that a business proposal meets local zoning requirements as a condition of state license approval. After an applicant receives their license from the state, they would be required to register with the City prior to commencing operations. The City is permitted by state statute to limit

the number of cannabis retailers within the city to one per 12,500 residents. The draft ordinance proposed zoning cannabis businesses to allow retailers, lower-potency hemp edible retailers, and the retail locations of a cannabis microbusinesses, mezzobusiness, or medical cannabis combination business in commercial zoning districts (NS, C-1, C-2). All other cannabis business types are proposed to be permitted in industrial zoning districts (BP, I-3). Staff considered whether to expand cannabis cultivation as a permitted use in agricultural zoning districts. The City Council, EDA, and ORC all met to discuss the draft ordinance, and specifically whether to expand cultivation activity to rural zoning districts. All three groups provided comments indicating that they would prefer to keep cultivation restricted to industrial districts, and see how the activity functions in other communities prior to expanding the use to rural zoning districts. The draft ordinance outlines a process for a cannabis event organizer to apply for a special event permit for a cannabis event.

Commissioner Petty asked about the difference between licenses and cannabis registrations. Gort explained that the license is issued by the state, whereas the City would register cannabis businesses independently.

Commissioner Granger asked if the City can place a numerical limit on non-retail cannabis businesses, such as cultivators. Gort said that retailers are the only businesses that can have a numerical limit per state statute.

Commissioner Arcand asked why the draft ordinance restricts cannabis cultivation to locating indoors. Gort stated that cultivation activity is likely to produce impacts such as odor, traffic, and light that can be better managed in an indoor facility.

Commissioner Granger asked if the liquor stores that currently sell lower-potency hemp edible products will still be able to do so. Gort stated that these businesses will need to apply for a license from the state, and register with the city.

Commissioner Arcand asked where medical cannabis can be sold. Gort stated that the state currently has a medical cannabis program that will largely remain unchanged under the new law, but that the retail locations for medical cannabis businesses would be permitted as conditional uses with the I-3 and BP zoning districts.

### **Chair Kleissler opened the Public Hearing at 7:36 PM**

Dean Anderson, 7503 177<sup>th</sup> Street N, stated that he and a business partner purchased the property earlier in the year with the goal of using it to cultivate cannabis commercially. Anderson stated that he sent in a proposed addendum to the draft ordinance that would allow cannabis microbusinesses and mezzobusinesses to cultivate cannabis as a conditional use in the Future Urban Service (FUS) and Agricultural (AG) zoning districts. Anderson stated that he would plan to cultivate cannabis for his proposed microbusiness in Hugo and sell it at a retail location in Minneapolis.

Beau Ryan, 7503 177<sup>th</sup> Street N, stated that she was involved with the purchase of the property with Mr. Anderson. Ryan stated that she has experience cultivating cannabis, took a course on cannabis

cultivation, and would like to be at the front end of the cannabis industry in Minnesota. Ryan stated that they would have to sell the property if the zoning in the ordinance would not allow them to cultivate cannabis.

### **Chair Kleissler closed the Public Hearing at 7:50 PM**

Commissioner Granger asked if cannabis businesses would be able to be located next to each other, and if the only limit on cannabis cultivation would be the size of the building. Juba stated that cannabis microbusinesses and mezzobusinesses apply for certain endorsements from the state to conduct specific activities. Dean Anderson came back to the podium and stated that cities can restrict endorsements, and stated that restriction of microbusinesses and mezzobusinesses will allow for large businesses to dominate the market.

Commissioner Petty asked if the state OCM can override local ordinance requirements.

Commissioner Andress asked if the City can restrict water consumption for a cannabis cultivator, Juba stated that it would be difficult to meter the water used for irrigation.

Commissioner Granger asked if there's a precedent for managing or restricting crops, and gave tobacco as an example. Juba stated that cannabis is not listed by the state as an agricultural product, giving the City more ability to restrict it.

Commissioner Petty asked if the Planning Commission can vote on the ordinance without considering the addendum presented by Mr. Anderson. Juba replied that the addendum is not part of their official packet, was not prepared by the City, and was not reviewed by the City Attorney. Juba stated that the Planning Commission can revisit the content of the addendum if they wish.

Commissioner Petty made a motion, seconded by Commissioner Arcand, to recommend approval of the draft ordinance.

Commissioner Granger asked if the ordinance can still be amended in the future, Juba said yes.

Commissioner Andress stated that he views prohibiting cannabis cultivation in rural zoning districts as a means of restricting the property rights of farmers. Commissioner Petty stated that the use can be re-evaluated at a later time after the City has had a chance to see how it plays out in other communities. Commissioner Granger stated that he doesn't like the idea of restricting property owner rights in this way, but sees the time-sensitive need to have an ordinance in place.

Dean Anderson came back to the podium, and stated that the OCM halted their license pre-approval process and extended the approval timeline, but that they are running out of time to line up their permissions to apply for a license. Commissioner Petty stated that they need to consider the perspective of all Hugo residents, and that the Planning Commission has received several letters in opposition to cannabis proliferation, and that the City needs to evaluate cannabis cultivation as a land use further before deciding to permit it as a land use in rural zoning districts.

Commissioner Granger stated that the ordinance creation process has been intensive, and that while he empathizes with the desire to allow cultivation in rural zoning districts, that the ordinance needs to be put in place with more restrictions right now.

No further discussion. The motion previously made by Commissioner Petty was brought to a vote.

All ayes.

Motion carried.

The ordinance draft will be considered by the City Council at its January 6, 2025 meeting.

### **New Business**

### **Old Business**

Juba stated that the Planning Commission will be contact to schedule goal setting in January.

### **Adjournment**

Commissioner Derr made a motion, seconded by Commissioner Granger, to adjourn at 8:20 PM.

All ayes.

Motion carried.

Respectfully Submitted,  
Max Gort, Associate Planner

**CITY OF HUGO COMMUNITY  
DEVELOPMENT DEPARTMENT**

**PLANNING AND ZONING APPLICATION  
STAFF REPORT**

**TO:** Hugo Planning Commission

**FROM:** Rachel Juba, Community Development Director

**SUBJECT:** **Capstone Homes (Munger Property) – Sketch Plan**

**DATE:** February 24, 2025, for the Planning Commission Meeting of February 27, 2025.

**REVIEW DEADLINE (60) days:** March 28, 2025

**1. BACKGROUND:**

The property is generally located west of Highway 61 and south of 165<sup>th</sup> Street. The address of the property is 5311 165<sup>th</sup> Street, with a home and accessory buildings and also includes a vacant parcel to the east. The property totals approximately 38 acres. The property is relatively flat, and has some site constraints due to wetlands, shoreland district, and a ditch. The applicant would like to receive feedback on the project regarding general layout, housing types, wetland replacement, and road connections and improvements.

**2. SKETCH PLAN:**

Capstone Homes is planning to develop the parcels of land that total 38 acres, with approximately 8 acres of wetland. There are two intersecting parcels, one acre each with single family homes, that are not part of the sketch plan. The plan shows 90 proposed single family lots intended to be slab on grade, two story homes. The plan also shows stormwater ponding areas, trail connections, and road connections. A home owners association is not proposed for the development. The sketch plan was completed to get comments from the various commissions and Council prior to moving forward with the formal development approval process.

**Current Zoning**

The proposed parcel is located in the Future Urban Service (FUS) zoning district. The applicant intends to request flexibility on lot widths, lot sizes and setbacks for the 50 foot wide lots.

## 2040 Comprehensive Plan

The parcel is guided as Medium Density Residential (MD) according to the 2040 Land Use Plan. The density standards for the Medium Density Residential (MD) designation are a minimum of three units per net acre. The developer is proposing a residential gross density of 2.36 units per acre and a net density of 3.00 units per acre. The development currently meets the density requirements for the land use designation.

## Planned Unit Development

The developer has proposed requesting approval of a PUD for the development. PUD's offer enhanced flexibility to develop a site through the relaxation of zoning district standards. The use of the PUD zoning also allows for a greater variety of uses, internal transfers of density, construction phasing and a potential for lower development costs. In exchange for this enhanced flexibility, the City has the expectation that the development plan will result in a significantly higher quality and more sensitive proposal than would have been the case with the use of other, more standard zoning districts. There are also expectations that the development will have higher standards on zoning code requirements in exchange for the flexibility.

- Lot widths
  - The developer is proposing the lot width of all lots to be 50 feet, where 80 feet is required in the Single Family Detached Residential (R-3) zoning district.
- Lot Size
  - The developer is proposing the minimum lot size to be 6,500 square feet, where 10,400 square feet is required in the Single Family Detached Residential (R-3) zoning district.
- Setbacks
  - The developer is proposing the following setbacks:

	R-3	Proposed PUD
Front yard setback	30 ft.	25 ft.
Side yard setback	10 ft.	7.5 ft.
Rear yard setback	30 ft.	25 ft.

- Impervious Surface
  - The developer has not indicated that they are requesting flexibility for impervious surface maximums. However, with the proposed lot width, lot size, and setbacks its likely they will ask for flexibility on the percent of impervious surface allowed.

In exchange for the proposed PUD, the developer is expected to have a higher quality development with valued amenities. The developer has proposed the following:

- The developer has stated that they will evaluate the site to preserve to the maximum extent possible the sites natural features (wetland, floodplain, shoreland, etc). They stated they are providing scenic view of the natural features.

## Capstone Homes (Munger Property) – Sketch Plan

- The developer stated that they will provide high quality architecture for the homes.
- The plans show a buffer area from the ditch and not having lot lines into the wetland and natural areas, keeping them on outlots to limit impacts on the natural resources.

The Medium Density Residential designation's primary intent is to respond to a need for smaller homes on smaller lots and townhome development. This designation offers the opportunity for housing that may expand opportunities for more affordable single family home living and changes in demographics, including smaller homes for empty nesters and smaller families. The medium density designation also describes the importance of preserving natural resources and amenities.

The proposed sketch plan is requesting flexibility to accommodate reduced lot sizes, lot widths, and setbacks. This is in line with the intent of the land use present in the development. Staff has a few recommendations at the end of this report for the development. It is in staff's opinion that the recommendations would strengthen the applicant's ability to demonstrate they meet the PUD criteria. Staff will continue to work with the developer on their proposal to request a change in the zoning to Planned Unit Development as the project moves forward.

Because its proximity to the ditch, the property is in the Shoreland Overlay district. The development will need to meet all of the MN DNR shoreland standards as they relate to PUD approvals. It is unclear whether this has been evaluated with the development layout.

### **Housing Types/Design**

The developer is proposing 90 single family lots at 50 feet wide. The applicant has provided building elevations. All homes will be built on slab on grade foundations. The proposed home designs seem to provide a variety of architectural styles and are included in the packet.

### **Streets & Access**

The developer is showing access to the site from the development to the south and 165<sup>th</sup> Street. 165<sup>th</sup> Street is a rural section gravel roadway that is approximately 24 feet in width, except for the first 400 feet of 165<sup>th</sup> Street immediately west of Highway 61. This portion of Highway 61 has bituminous surfacing.

The 2040 Comprehensive Plan identifies 165<sup>th</sup> Street as an urban section minor collector road from Elmcrest Avenue to Highway 61 with a future trail making connection to the Hardwood Creek Regional Trail. The change in design is due to the changes in future traffic patterns and increase in population and employment in the area. The change in design is not only related to development directly adjacent to the road, but what is planned for traffic patterns in the future with regional development.

For the development to move forward improvements to 165<sup>th</sup> Street are required to ensure there are adequate public facilities to serve the development. Based on the 2040 Comprehensive Plan the developer would be required to construct an urban section (curb, gutter, trail) minor collector road from the west property line of the development to Highway 61. Staff has discussed some interim improvements to the 165<sup>th</sup> Street as well.

Below are the options based on past policies:

## Capstone Homes (Munger Property) – Sketch Plan

1. The developer could construct the urban section minor collector road from the west property line of the development to Highway 61.
2. The developer could construct a rural section minor collector road from the west property line of the development to Highway 61, as an interim improvement. They would then be required to pay the cost to construct ½ of the urban section minor collector along their frontage and be credited for the amount to construct the rural section road.
3. The City Council did include paving all of 165<sup>th</sup> Street to a rural section road to its Capital Improvement Program (CIP) slated for 2026, as interim improvement. If the road is paved, as development occurs along 165<sup>th</sup> Street the developer would be required to pay the cost ½ of the urban section minor collector along the development lineal frontage.

During 2025 goal setting processes, the Planning Commission and City Council discussed this topic of 165<sup>th</sup> Street improvements. They included in their goals for 2025 to prepare and complete a study along 165<sup>th</sup> Street. The study is proposed to include ultimate road design, construction costs, environmental analysis, evaluation of utility extensions and land use. The study will complete an analysis of road design and cost allocation with public engagement with property owners. The goal is to have the study start this spring with priority given to road design and utility extension.

The developer would need to dedicate right-of-way along 165<sup>th</sup> Street for the improvement of the road.

A collector road is designed to move traffic to access local roads. A number of proposed lots are proposed to have direct access to 165<sup>th</sup> Street, which would not be allowed due to its minor collector road status and the plan should be revised to relocate or remove them.

The applicant is showing a long, straight road connecting the south and north portions of the development. It's in staff opinion that traffic calming measures should be taken into consideration on the proposed long roadway. The goal of traffic calming is to reduce speeds, reduce cut through traffic, and improve safety including non-motorized traffic. Although, the applicant has designed the road with slight variations, the roadway will need to be further analyzed in regard to creating turns within the roadway.

### **Utilities**

Municipal sewer and water are available from the development to the south.

The Met Council sanitary sewer interceptor is along the entire length of the west property line there is a 35 foot wide easement along that area that includes the interceptor pipe and powerlines. There are 6 lots that are shown along the west property line on the north side of the plan. These lots will have restrictions to what can be constructed in the back yard within the easement area, such as fences and sheds. Staff recommends these lots be evaluated to be relocated or reconfigured.

There is a 25 feet wide easement along the south property line for a sanitary sewer pipe. The easement will need to be included on the plans.

## **Parks / Trails**

The developer is required to dedicate land, pay a fee, or a combination of land and fee. At this time, the developer has not indicated how they propose to satisfy the park dedication requirement, but it is assumed that they will pay the fee because they are not showing a land dedication.

The park dedication section of the City Code requires the applicant dedicate 10% of the developable acres for park land with a density of up to 3.99 units per acre. The developer has indicated that there are 30 acres of buildable land in the development. Therefore, the developer would be required to dedicate 3 acres of park land. The current park dedication fee is \$3,400 per unit. If a fee is preferable, with 90 units, the park dedication fee would be \$306,000.

According to the Parks, Trails, and Open Space Plan, the property is in neighborhood park service area 3. There are no existing parks in the area besides the passive park land that was recently dedicated with Oneka Place which is southwest the development. Currently, there is not a plan for the passive park but a trail system existed within the park. Frog Hollow, in neighborhood park service area 4, is to the south of the property about .8 miles away and the newly dedicated park in Oneka Prairie and may be considered to be within walking distance.

The Trail Plan shows an existing trail extending from the south to 165<sup>th</sup> Street. The entire property is shown as a part of the greenway corridor that follows the ditch. The developer has not shown on their plan that they would extend the City's trail system through the subdivision. This will need to be included in the plans.

As a way to strengthen the developer's ability to demonstrate they meet the PUD criteria the developer could construct off-road trails to highlight the natural features on the site by providing access and a recreation amenity. Natural surface, gravel or paved trails could be located adjacent to stormwater ponds and/or the ditch corridor.

The Parks Commission provided non-binding feedback to the developer on February 19, 2025. They stated that the development is served by the existing parks in the area and will not be required to dedication land, however will be required to pay the fee. They stated they would support the PUD with an off-road trail system within in the development.

## **Landscaping**

The developer has not submitted a landscape plan. In exchange for PUD flexibility, the City could expect a landscape plan that goes beyond the minimum requirements to provide street trees, entrance streetscaping, plantings around any monument sign, plantings in open space, etc.

The developer should also provide a landscape buffer along 165<sup>th</sup> Street.

## **Wetlands**

The developer has stated they have had an initial wetland delineation completed. It has not been approved by the Technical Evaluation Panel (TEP) but will need to be approved prior to moving forward. The developer has stated that they will evaluate the site to preserve to the maximum

## Capstone Homes (Munger Property) – Sketch Plan

extent possible the sites natural features (wetland, floodplain, shoreland, etc) as part of the PUD request. The plan does show a few places for wetland impact for road connections. A wetland replacement plan would need to be applied and approved by the TEP if the developer plans to impact any wetlands on the site. This will be evaluated as the project moves forward. Staff has recommended that the applicant schedule a preliminary TEP meeting.

### **Stormwater Management/Water Re-Use**

The developer is proposing to complete stormwater management through the construction of ponds within the site. Staff will be working with the developer, as this project moves forward, as it relates to stormwater management, floodplain, and infiltration.

The developer has also indicated that they will not be using stormwater for irrigation purposes within the development. Staff recommends this be evaluated to see if it is feasible. If the system is feasible, from a water availability and design standpoint, it will require additional review and analysis as the project moves forward. Staff recommends stormwater reuse be evaluated for feasibility.

### **5. CONCLUSION/ RECOMMENDATIONS:**

As the applicant moves forward with the application, staff recommends the following:

1. Staff recommends a phasing plan is submitted.
2. Staff recommends that the long road running south to north in the development be further analyzed to incorporate traffic calming measures.
3. Staff recommends the lots with direct access to 165<sup>th</sup> Street be relocated or removed.
4. Staff recommends the lots with back yards with the 35 foot Met Council interceptor be evaluated to be relocated or reconfigured.
5. Staff recommends an off-road trail system be incorporated into the development.
6. Staff recommends that the landscape plan is designed to go beyond the minimum requirements to provide street trees, entrance streetscaping, plantings around any monument sign, plantings in open space, etc.
7. Staff recommends stormwater reuse be evaluated for feasibility regarding water availability and design.

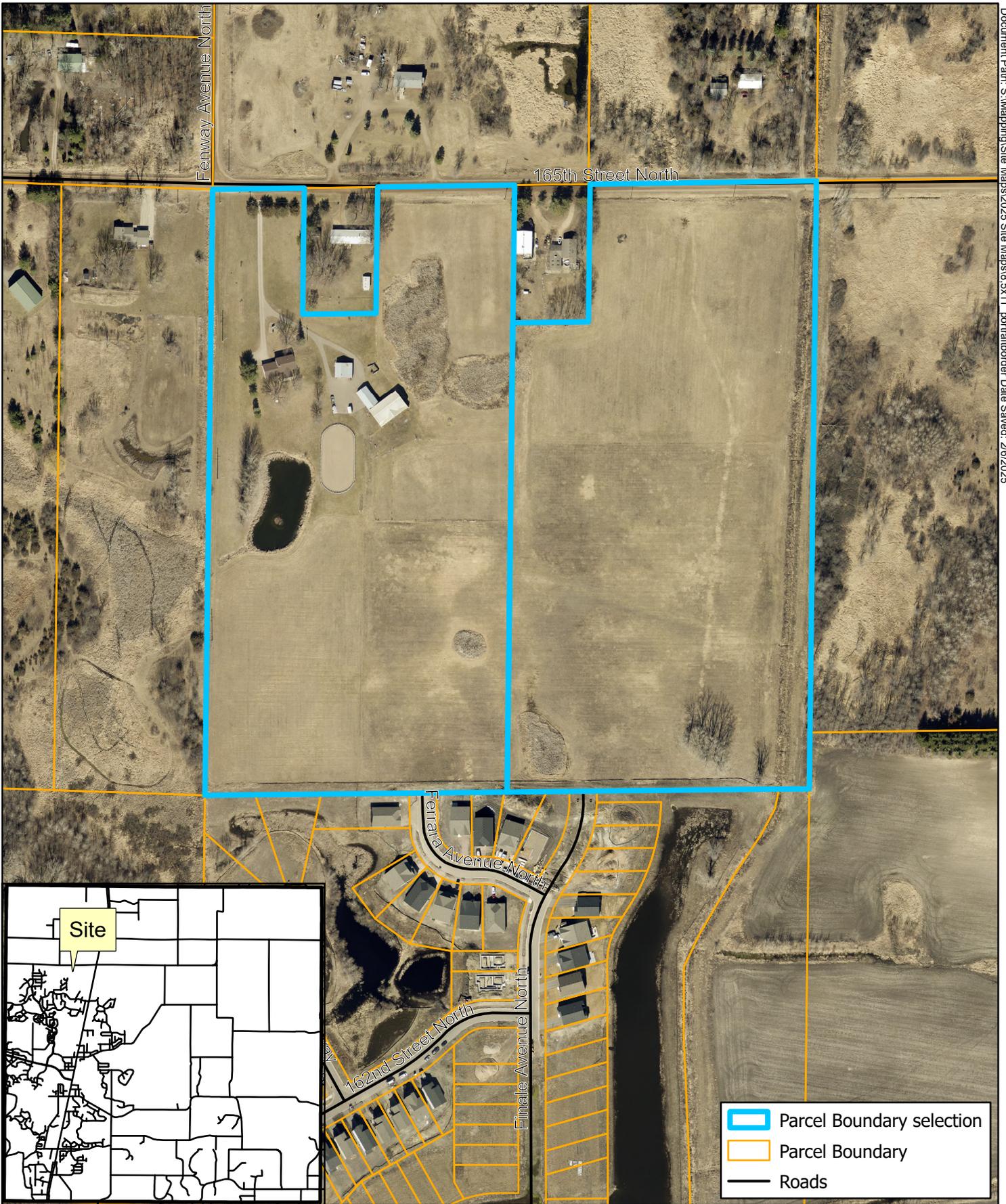
Staff recommends that the Planning Commission provide feedback on the concept plan to the developer on the following:

1. General layout, including lot placement
2. Road connections and improvements
3. PUD criteria
4. Housing types
5. Wetland replacement

## Capstone Homes (Munger Property) – Sketch Plan

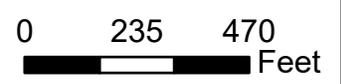
### **ATTACHMENTS:**

1. Location Map
2. Engineers Memo
3. Applications Narrative
4. Sketch Plan
5. Home Designs and Elevations



### Munger Property

Location Map  
Hugo, Minnesota



**1 in = 400 feet**



February 19, 2025

Ms. Rachel Juba  
Community Development Director  
City of Hugo  
14669 Fitzgerald Avenue North  
Hugo, MN 55038

Re: Munger Property  
Sketch Plan Review  
WSB Project No. 027763-000

Dear Ms. Juba:

We have reviewed the Sketch Plan for the Munger property. We have reviewed the following information related to this application:

- Munger Property Sketch Plan Revised dated July 11, 2024, for Capstone Homes, Inc. by Pioneer Engineering – 5311 165<sup>th</sup> Street
- Munger Property Narrative by Capstone Homes, dated January 27, 2025

Based on the review of the documents, we offer the following comments related to this application:

**General/Access/Existing Conditions**

1. The subject property is located along the south side of 165<sup>th</sup> Street approximately one-half mile west of Highway 61. Two access points are proposed from 165<sup>th</sup> Street with connections also being made to Ferrara Avenue and Finale Avenue that were constructed as part of the Meadows at Hugo Development.
2. 165<sup>th</sup> Street is a rural section gravel roadway that is approximately 24-ft in width, with the exception of the first 400 feet of 165<sup>th</sup> Street immediately west of Highway 61. This portion of Highway 61 has bituminous surfacing.
3. The Hugo 2040 Comprehensive Plan identifies 165<sup>th</sup> street as an urban section minor collector from Highway 61 to Elmcrest Avenue with a future trail making connection to the Hardwood Creek Regional Trail.
4. The development team contends that 165<sup>th</sup> Street should remain a rural-section roadway base on a number of factors which include, but are not limited to size of developable parcels, presence of wetlands limiting buildable area along the corridor, and cost.
5. As part of a proposed upcoming study for the 165<sup>th</sup> Street corridor, staff would evaluate a number of different development scenarios along this corridor, project traffic volumes and patterns, evaluate appropriate location of trail, determine whether the roadway should be rural or urban, and timing of improvements.
6. Properties along 165<sup>th</sup> Street have not been platted and do not have dedicated road right of way. Property lines extend into the roadway.
7. The proposed development would need to dedicate the right of way along 165<sup>th</sup> Street. The width will depend on the outcome of the 165<sup>th</sup> Street Corridor study.
8. Past practice would indicate the developer would be responsible to pay an amount equal to the cost of constructing one half of an urban section roadway along their road frontage.

9. Due to the nature of the corridor (smaller developments and limited buildable property immediately adjacent to the roadway), it is challenging and costly to construct an urban roadway in one singular project. Alternatively, with the increased traffic on a gravel roadway, the developer would be responsible to pave the rural section roadway from TH 61 to their westerly property line. As part of the city roadway capital improvements plan, funding could be made available to pave the remaining 165<sup>th</sup> Street as a rural section roadway. This will be further evaluated as part of the above reference study.
10. A number of proposed lots are proposed to have direct access to 165<sup>th</sup> Street, which would not be allowed due to its minor collector road status.

#### **Utility Plan**

11. As identified in the City's Comprehensive Water Supply and Distribution Plan, a 24" trunk watermain will need to be extended north from the existing 24" trunk watermain extended as part of the Meadows of Hugo development located directly to the south, with the City of Hugo paying for oversizing costs.
12. The MCES interceptor is along the west property line of the Munger Property.
13. Trunk Sanitary Sewer was extended from the MCES Interceptor along the Munger south property line as part of the Meadows at Hugo development. Sanitary sewer will need to be extended from the sanitary sewer provided from the south
14. If the project is to be phased, a staging plan will be required to be shown with utility work being identified to occur within the final platted area only. If grading is different from the phasing plan for utilities or final plat area, a plan addressing temporary drainage measures outside the platted area will be required.

#### **Stormwater Management/Wetlands**

15. Volume control/water quality standard will be required, which is 1.1 inches off new impervious surfaces. Water reuse will be the preferred BMP option for the site for volume reduction. If an additional BMP is to be used, the TP removal factor from RCWD Rule C, Table C1. must be applied.
16. Peak stormwater runoff rates for the proposed project must not exceed existing rates for the 2-year and 10-year 24-hour rainfall events using Atlas 14 rainfall depths.
17. Peak stormwater runoff rates for the 100-year 24-hour rainfall event is limited to 0.1 cfs/acre.
18. Lowest building opening must be at least 3' above the 100-yr HWL for both wetlands and BMPs and 4' above the current groundwater elevations.
19. Private ditches to JD3 are located onsite. Maintain private ditch drainage to JD3. Developer to confirm with RCWD if a permit for Rule I is needed.
20. No 100-year floodplains located onsite.
21. Stormwater Management facilities will be required to be within drainage and utility easements.
22. The applicant is proposing to utilize stormwater reuse as part of their stormwater management plan.
23. A wetland delineation on the parcel has been completed however this has yet to go through the Technical Evaluation Panel for approval.
24. The concept plan shows a number of impacts to wetlands. The applicant may find it helpful to have a pre-application meeting with the Technical Evaluation Panel to get a better idea of what impacts may or may not be allowed

Ms. Rachel Juba  
February 19, 2022  
Page 3

Thank you for the opportunity to provide comments on this project. If you have any questions, please do not hesitate to contact me at 612-360-1278.

Sincerely,

WSB

A handwritten signature in black ink that reads "Mark A. Erichson". The signature is written in a cursive style with a large initial 'M' and 'E'.

Mark Erichson, PE  
City Engineer

cc: Scott Anderson, Public Works Director (email only)  
Liz Finnegan, Senior Engineering Technician (email only)  
Max Gort, Associate Planner (email only)

# CAPSTONE

— H O M E S —

Date: January 27, 2025

To: Rachel Juba, Community Development Director City of Hugo

Re: Mary Munger Property – Located at 5311 165th Street N

**Introduction:** The Munger Parcels Subdivision is a planned single-family home development located along 165th Street in Hugo, Minnesota. This thoughtfully designed neighborhood aims to balance affordability and environmental stewardship, providing attainable housing while preserving the natural beauty of the area. Spanning approximately 38 acres, the development consists of 90 single-family lots, integrating with the natural surroundings and following the city's Planned Unit Development (PUD) standards. The property is guided in the City's 2040 Comprehensive Plan as Medium Density Residential (MD).

**Property:** The property consists of approximately 38 gross acres (30.3 net acres). The site is generally flat with pasture and wetlands. The neighborhood project area is bounded by 165th Street on the north, Meadows of Hugo neighborhood (Centra) to the south, single-family residences to the east, and acreage lots to the west.

## Proposed Sketch Plan Development Overview:

- **Lot Standards:**
  - Minimum Lot Width: 50 feet
  - Minimum Lot Area: 6,500 square feet
  - Front Setback: 25 feet
  - Side Setback: 7.5 feet
  - Rear Setback: 25 feet
- **Density:**
  - Net Density: 2.97 units/acre
- **Open Space:**
  - Approximately 6-7 acres of open space featuring water elements, including ponds and wetlands. These water features not only enhance the aesthetic appeal of the community but also serve important environmental purposes such as stormwater management and habitat preservation. Additionally, they create opportunities for recreational amenities, such as walking trails and scenic overlooks, fostering a sense of community and connection to nature.
- **Access and Connectivity:**
  - Two main access points along 165th Street as well as from Meadows of Hugo neighborhood to the south via Ferrara Ave. and Finale Ave.

- One additional road stub proposed to the west neighboring parcel for future connection.
- A trail system contemplated surrounding the neighborhood (exact location to be determined) that connects with the existing trail system.

**Compliance with PUD Criteria:**

- **Alignment with the City’s Comprehensive Plan:** The subdivision’s density is generally meeting the comprehensive plan's R-2 & R-3 designations (3 & 4 units/acre, respectively), offering a net density at just under 3.

	<b>Requirement (R-3 Zoning)</b>	<b>Proposed (PUD)</b>
<b>Minimum Lot Size</b>	10,400 sq. ft.	6,500 sq. ft.
<b>Minimum Lot Width</b>	80 ft.	50 ft.
<b>Minimum Front Setback</b>	30 ft.	25 ft.
<b>Minimum Side Setback</b>	10 ft.	7.5 ft.
<b>Minimum Rear Setback</b>	30 ft.	25 ft.

- **Enhanced Site Design:** The PUD flexibility allows the density while increasing the lot setbacks and average lot sizes relative to the neighboring Meadows of Hugo residential subdivision.
- **Preservation of Natural Features:** The design preserves existing wetlands, incorporating them into the community's open spaces and water features. This not only conserves natural habitats but also provides scenic value to residents.
- **Infrastructure Efficiency:** The development supports the improvement of 165th Street (with a Rural Section Improvement only—see attachment), aligning with local traffic needs and cost-sharing strategies. It will also create a connection from the subdivision to the south.

**PUD Sketch Plan Design Qualities:**

- The plan achieves efficiency in the design of streets and utilities. It also preserves natural wetland areas to achieve enhanced elements of design.
- The plan provides convenient and safe access for vehicles and pedestrians, providing a variety of activities for future homeowners.
- The plan provides a buffer between different uses of adjacent properties and roadways.
- Landscaping packages for each lot/home will complement the overall design and contribute toward an overall landscaping theme.
- The plan preserves usable space on individual lots or through open space within and around the perimeter of the development. No lots back up to another lot. Many lots have a depth of 130’ to 140’ to maintain an existing area in the rear yards.
- The plan provides an attractive streetscape using road design with a slight bend that helps provide safety and traffic calming features.

- The proposed homes demonstrate quality architectural design that meets the buyers' needs within the Minnesota market.

**Housing Product Design Features:** The homes in the subdivision will reflect a variety of architectural styles, such as Craftsman, Colonial, and Modern Farmhouse designs, ensuring visual diversity and appeal. Based on the water table within the property, all homes will be built with slab-on-grade foundations. Please refer to the house elevation plans previously submitted to the city for review of the unique designs and details. Proposed home designs include:

- **Barrett Model:** 1,719 sq. ft. with a 523 sq. ft. garage.
- **Becker Model:** 2,087 sq. ft. with a 555 sq. ft. garage.
- **Biscay Model:** 2,425 sq. ft. with a 555 sq. ft. garage.
- **Brookston Model:** 2,824 sq. ft. with a 555 sq. ft. garage.

**Conclusion:** This PUD request aligns with the city's vision and standards, promoting responsible growth while addressing the community's need for attainable housing. By balancing thoughtful design with environmental preservation, the proposal ensures long-term benefits for both residents and the broader city of Hugo. Standard zoning is not possible for this property to achieve the medium-density residential requirements. Our plan deviates from certain lot standard codes to provide a single-family housing product that meets the intent of the design standards while remaining attainable to a diverse range of buyers.

We are excited to propose this newest neighborhood in Hugo in 2026 and look forward to working with the city as we move forward.

Sincerely,



Tom Bakritges  
Land Project Manager  
Capstone Homes

**SITE DATA:**

GROSS AREA: ±37 ACRES  
 WETLAND AREA: ±6.7 ACRES  
 NET DEVELOPABLE AREA: ±30.3 ACRES

2040 GUIDE PLAN: MD (MEDIUM DENSITY RESIDENTIAL) 3-6 UNITS/ACRE  
 UP TO 8 UNITS/ACRE ALLOWED IN URBAN SERVICE  
 CURRENT ZONING: DU (DENSE URBAN SERVICE)  
 SHORELAND OVERLAY 300' FROM WATERCOURSE ON EAST SIDE  
 SHORELAND OVERLAY CLASSIFIED AS GENERAL DEVELOPMENT

**GENERAL DEVELOPMENT SHORELAND STANDARDS (RIPARIAN):**

LOT WIDTH: 80'  
 AREA: 15,000 SF  
 SETBACK FROM OHW: 50'  
 MAXIMUM STRUCTURE HEIGHT: 25'

**PROPOSED LOT STANDARDS**

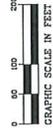
LOT WIDTH: 50'  
 AREA: 6,500 SF  
 FRONT SETBACK: 25'  
 SIDE SETBACK: 7.5'  
 REAR SETBACK: 25'

PROPOSED LOTS: 90

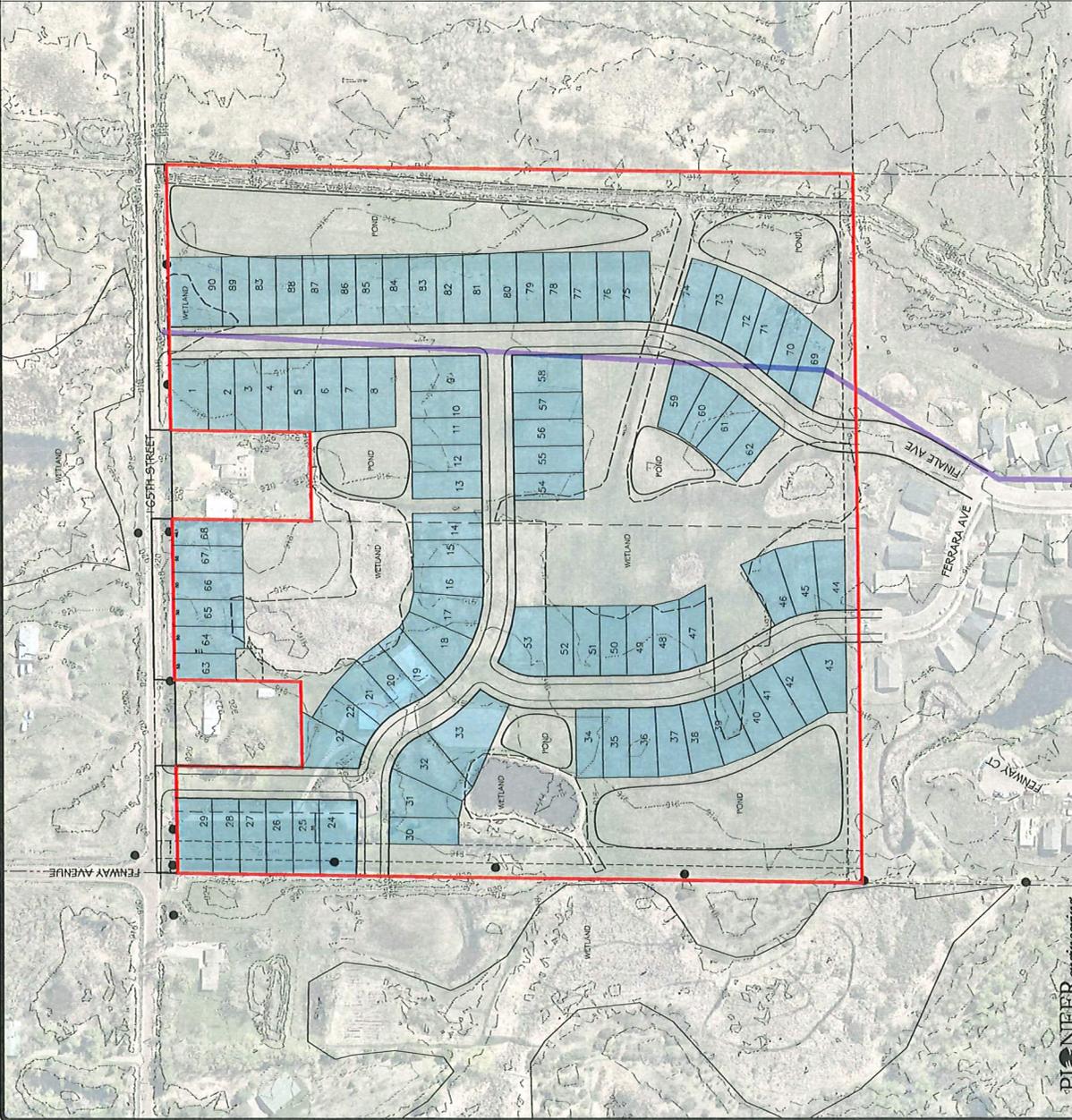
NET DENSITY: 2.97 UNITS/ACRE

SHORELAND OVERLAY LINE

EXISTING POWER POLE



CONCEPT BASED ON AVAILABLE DATA  
 NO ENGINEERING  
 NO SURVEYING  
 WETLANDS HAVE NOT BEEN DELINEATED  
 CONCEPT SUBJECT TO CHANGE WITHOUT NOTICE



CONCEPT PLAN 4

CAPSTONE

165TH STREET PROPERTY  
 HILCO, MINNESOTA

1 OF 1

**PIONEER engineering**  
 CIVIL ENGINEERS LANDSCAPE ARCHITECTS LAND SURVEYORS  
 2422 Elmwood Drive  
 Woodbury Heights, PA 19380  
 Tel: 610-668-8888  
 www.pioneereng.com

Project No. 445733  
 Date: 01/20/21  
 Drawn: JLT  
 Checked: JLT  
 Design: JLT

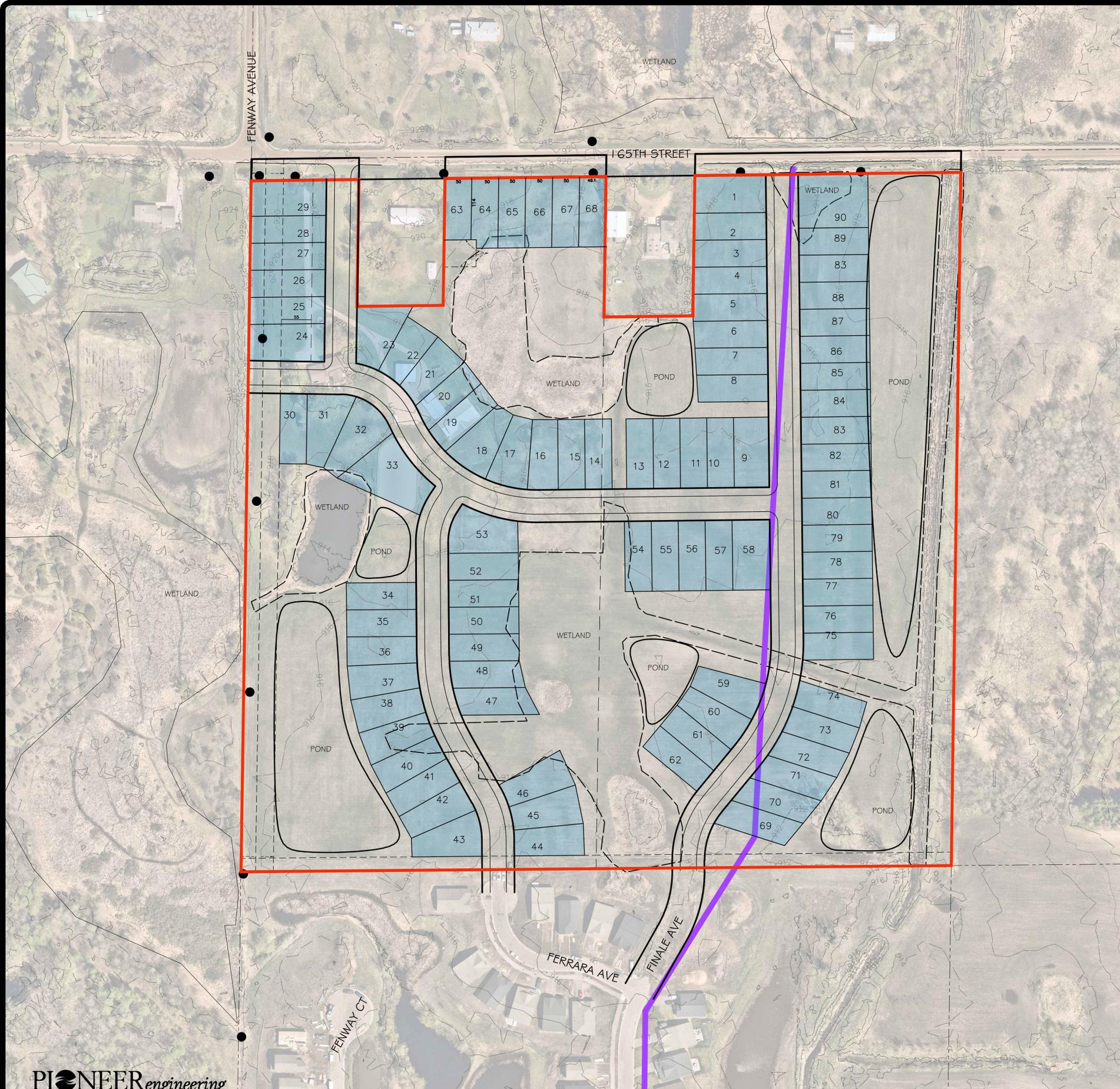
This work was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer in the State of Minnesota.

© 2021 Pioneer Engineering, P.C.

## 165th Street Improvements – Rural Section vs. Urban Section

1. **Cost: The Primary Barrier to Urban Road Improvements**
  - a. Significantly Higher Costs for Urban Section
    - i. Constructing an urban section road is estimated to **cost 2–3 times more** than a rural section.
  - b. Estimated Costs for 165th Street Improvements
    - i. Based on our engineer's estimate, the cost for improvements along 165th Street (from Elmcrest Avenue to Highway 61, approximately 1.72 miles) is as follows:
      1. Rural Section: \$1.8 million to \$2.3 million
      2. Urban Section: \$4.5 million to \$5.4 million
2. **Private Development on 165th Street Unlikely to Drive Urban Road Upgrades**
  - a. Based on our analysis, large-scale redevelopment along 165th Street is largely unfeasible due to several factors:
    - i. Small Parcel Sizes with Significant Wetlands:
      1. Of the 29 total parcels along 165th Street, 22 contain significant wetlands, making land assembly impractical.
    - ii. Existing Residential Properties:
      1. Many small parcels contain houses where the single-family property value exceeds potential development value, further discouraging redevelopment.
  - b. The Munger Trust parcels (~38 acres) represent the largest current land assembly on 165th Street. However:
    - i. A proposed development of 90 slab-on-grade homes would not generate sufficient financial return to cover the proportional costs of urban road improvements.
  - c. Adopting a rural road section would make redevelopment more viable. This approach offers several advantages:
    - i. Immediate improvements with contributions from developers.
    - ii. Incentivizing further private development along 165th Street.
    - iii. Adequately accommodating future traffic needs (further notes below).
3. **Urgency & Regional Precedence:**
  - a. Poor Current Road Conditions
    - i. The existing gravel road on 165th Street is unsuitable for development due to its poor condition, especially when saturated.
    - ii. Relying on future development along the corridor to upgrade the road to an urban section is highly unlikely, given the limited redevelopment potential.
  - b. Regional Comparison and Usage
    - i. 170th Street: To the north, 170th Street serves as a rural, county road that efficiently carries east-west traffic between regional communities.
    - ii. 165th Street: In contrast, 165th Street functions primarily as a local road, not a regional connector.

1. While it may serve as a shortcut between Highway 61 and I-35E, its traffic load does not justify urban section improvements.
  2. A rural road upgrade would be sufficient to meet current and anticipated traffic needs, aligning with the standards of neighboring east-west streets.
- c. The City of Hugo has existing and planned rural section roads designed to handle traffic volumes of up to 7,000 trips per day, as illustrated in the comprehensive plan maps.
1. Examples: Elmcrest Street and 170th Street.



**SITE DATA:**

GROSS AREA: ±37 ACRES  
 WETLAND AREA: ±6.7 ACRES  
 NET DEVELOPABLE AREA: ±30.3 ACRES

2040 GUIDE PLAN: MD (MEDIUM DENSITY RESIDENTIAL) 3-6 UNITS/ACRE  
 UP TO 8 UNITS/ACRE ALLOWED WITH PUD  
 CURRENT ZONING: FUS (FUTURE URBAN SERVICE)  
 SHORELAND OVERLAY 300' FROM WATERCOURSE ON EAST SIDE  
 SHORELAND OVERLAY CLASSIFIED AS GENERAL DEVELOPMENT

**GENERAL DEVELOPMENT SHORELAND STANDARDS (RIPARIAN):**

LOT WIDTH: 80'  
 AREA: 15,000 SF  
 SETBACK FROM OHW: 50'  
 MAXIMUM STRUCTURE HEIGHT: 25'

**PROPOSED LOT STANDARDS**

LOT WIDTH: 50'  
 AREA: 6,500 SF  
 FRONT SETBACK: 25'  
 SIDE SETBACK: 7.5'  
 REAR SETBACK: 25'

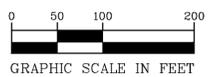
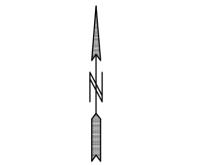
PROPOSED LOTS: 90

NET DENSITY: 2.97 UNITS/ACRE

SHORELAND OVERLAY LINE

EXISTING POWER POLE

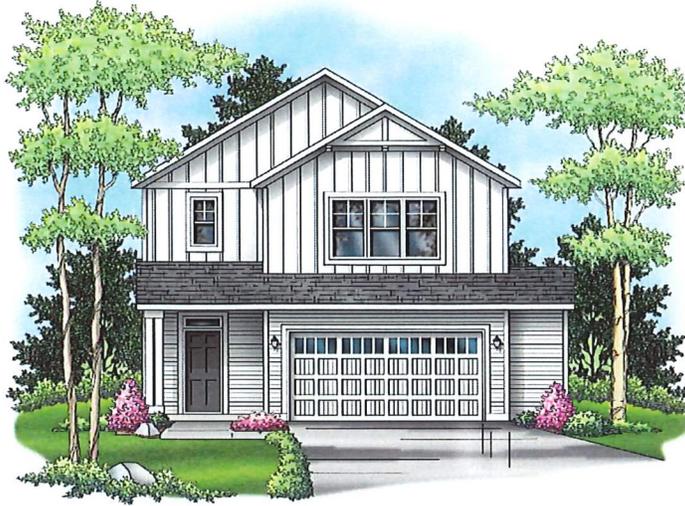
CONCEPT BASED ON AVAILABLE DATA  
 NO ENGINEERING  
 NO SURVEYING  
 WETLANDS HAVE NOT BEEN DELINEATED  
 CONCEPT SUBJECT TO CHANGE WITHOUT NOTICE



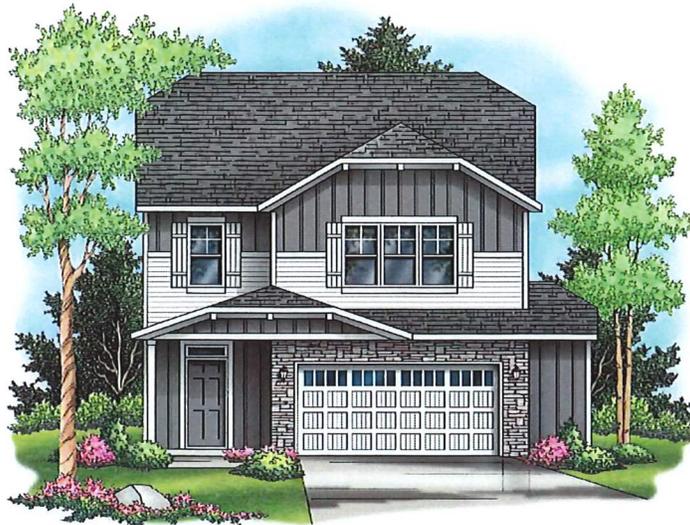
Barrett



Becker



Biscay



Brookston

